

Registered number: 03812286

VUE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 25 NOVEMBER 2021

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VUE SERVICES LIMITED

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VUE SERVICES LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 25 NOVEMBER 2021

The Directors present their Strategic Report of Vue Services Limited ("the Company") for the 52 week period ended 25 November 2021. The comparative results for the prior period refer to the 52 week period ended 26 November 2020.

Vue International Bidco plc, a company incorporated in the United Kingdom, is the parent undertaking of the smallest group to consolidate the results of the Company. Vue International Bidco plc together with its subsidiaries forms "the Group".

Principal Activities

The Company's principal activities are the provision of management services and group services to fellow group undertakings. The Company charges its fellow group undertakings for the provision of its services on an arm's length basis.

Impact of COVID-19

Government restrictions meant that all cinemas were closed at the start of the financial year. A number of sites reopened in December 2020, as Government restrictions changed, but were once again closed by the end of December as governments reacted to the Delta variant.

A successful vaccination roll-out programme allowed Government restrictions to be reduced at the end of Q2 with some sites reopening in mid May 2021 and all UK and Irish sites opened by early July 2021.

The business continued to focus on maintaining and preserving liquidity and implementing agreed plans to support the re-opening of cinemas and head office including new operating protocols to facilitate customer and staff safety.

Staff Costs

The Company employs UK & Ireland head office staff and Vue International head office staff. Vue International head office staff costs are recharged by the Company to Vue International Bidco plc.

The Company is charged a management fee by Vue International Bidco plc which includes Vue International Bidco Directors' emoluments and staff costs. Directors' emoluments and Vue international head office staff costs incurred by the Company as part of the management fee are subsequently recharged by the Company to members of the Group that have trading activities, as part of a management fee.

Results in the Period

Company operating loss for the financial period was £8,843k (2020: loss £7,087).

The loss for the Company after taxation amounted to £7,725k (2020: loss £5,363k).

The Company had total assets for the year of £33,563k (2020: £37,249k). Total liabilities for the Company were £46,068k (2020: £42,029k) resulting in a net liabilities position of £12,505k (2020: liabilities £4,780k).

The Directors are satisfied with the prospects of the Company.

Key Performance Indicators

The Directors of the Group manage the Group's operations on a consolidated basis. For this reason the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance and position of the Company. The development, performance and position of the Group, which includes the Company, are discussed in the Strategic Report of Vue International Bidco plc.

VUE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 25 NOVEMBER 2021

Future Outlook

In the majority of cases, the global lockdowns resulted in the major studios delaying the theatrical release dates of key titles rather than releasing them exclusively on streaming platforms. It has been widely acknowledged that a film needs the platform of a theatrical release to deliver a high profile and generate significant value across all distribution windows. With this in mind, the film slate for 2022, and beyond, remains extremely strong.

FY22 opened with the incredibly successful release of *Spiderman: No Way Home*. The title has become the second biggest release of all time in the UK as measured by box office receipts. Other notable titles include *The Batman*, Baz Luhrman's *Elvis* and *Dr Strange*. We are also seeing kids and family titles such as *Minions: The Rise of Gru*, *Sonic the Hedgehog 2* and *Sing 2* deliver extremely strong results. *Top Gun: Maverick* outperformed expectations following its launch in May and is likely to be the second biggest film in our financial year.

Excitement is also building for James Cameron's *Avatar: The Way of the Water* which is scheduled for theatrical release in December 2022 which is the start of our next fiscal year. It is expected to drive significant attendance and amaze audiences with its 3D imagery.

Forward Looking Statements

The Strategic Report and Directors' Report contain certain forward looking statements with respect to the financial condition, results, operations and business of the Group. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause the actual results or developments to differ materially from those expressed or implied in forward looking statements and forecasts as they can be affected by a wide range of variables not wholly within the Group's control.

The forward looking statements reflect the knowledge and information available at the date of approval of the Strategic Report and Directors' Report and financial statements. Nothing in the Strategic Report, Directors' Report and financial statements should be construed as a profit forecast.

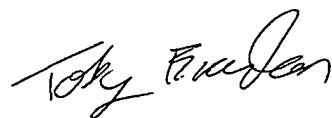
Principal Risks and Uncertainties

The Directors of the Group manage the Group's risk on a consolidated basis, rather than at an individual entity level. For this reason, the Company's Directors believe that a discussion of the Company's risks would not be appropriate for an understanding of the development, performance or position of the Company. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Strategic Report of Vue International Bidco plc.

Financial and Liquidity Risk Management

The Directors of the Group manage the Group's operations on a consolidated basis. For this reason the Company's Directors believe that analysis of financial and liquidity risk management for the Company is not necessary or appropriate for an understanding of the development, performance and position of the Company. The review of financial and liquidity risk, which includes the Company, is discussed in the Directors' Report of Vue International Bidco plc.

This Report was approved by the board and signed on its behalf.



Toby Bradon
Director
Date: 28 October 2022

VUE SERVICES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 25 NOVEMBER 2021

The Directors present their report and the audited financial statements for the 52 week period ended 25 November 2021. The comparative results for the prior period refer to the 52 week period ended 26 November 2020.

Results and Dividends

The loss for the period, after taxation, amounted to £7,725k (2020: loss £5,363k).

The Directors do not recommend that a dividend be paid (2020: £nil).

Future Developments

A discussion of future developments of the Company has been included in the Strategic Report.

Post Balance Sheet Events

On the 14th July 2022 Vue International Bidco plc signed an agreement with the majority of its lenders and its shareholders for a proposed recapitalisation, this is discussed further in Note 21 to these financial statements.

Going Concern

The Company is reliant on the overall financing support of the wider Vue International Group ("the Group"). The Company has received a letter of support from its parent, Vue International Entertainment Limited, confirming that the Group will provide financial support such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. The letter of support is, however, dependent upon the Group's liquidity and its forecasts and projections being achieved.

As at 30 November 2021 the Group had significant liquidity of £172.0m comprising unrestricted cash of £144.7m and undrawn overdraft and revolving credit facilities of £27.3m. The unrestricted cash comprised total cash of £149.4m less £4.7m cash in escrow in support of landlord guarantees in Germany and the Netherlands. The undrawn overdraft and revolving credit facilities of £27.3m were in respect of the Group's £65m revolving credit facility ("RCF") which comprises an overdraft facility of £20m, a £30m revolver and £15m which is undrawn but ring-fenced in support of landlord guarantees. At 30 November 2021 the overdraft facility was undrawn and £7.3m of the £30m revolver was undrawn.

On 14 July 2022 Vue International Bidco plc ("Bidco") signed an agreement with the majority of its lenders and its shareholders for a proposed recapitalisation. By the end of August 2022, Bidco had secured 100% support from its senior lenders and shareholders. This agreement included the following:

- €87.4m of super senior new money to support the recapitalisation of the Company. The full amount was received in cash in September 2022;
- A debt-for-equity swap with approximately £465m of existing debt removed from the balance sheet; this is expected to be completed by the end of the calendar year 2022; and
- Existing First-Lien lenders to take 100% equity ownership (prior to any dilution for management)

VUE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 25 NOVEMBER 2021

The new funding and recapitalisation set out above gives the Group access to additional liquidity, delivers a substantial deleveraging of its balance sheet and provides it with a robust capital structure to operate in the post-pandemic market. No landlords, suppliers or employees have or will be adversely impacted by this successful process. Furthermore, the formal request for arbitration that was filed by Greater Union International B.V. on 24 May 2022 in relation to the CineStar transaction (described further in Note 34, "Post Balance Sheet Events" in the Vue International Bidco plc financial statements for the year ended 30 November 2021) could have precluded the Group from making its periodic "no proceedings pending or threatened" confirmations. However, the Group's senior lenders have provided a covenant waiver under the recapitalisation agreement dated 14 July 2022 in respect of this matter and subject to the recapitalisation proceeding in all material respects as envisaged in the recapitalisation agreement the request for arbitration no longer represents a risk for the Group.

Under the new financing arrangements, the Group has a minimum liquidity covenant of £35m which is tested at the end of each month. The Group's financing arrangements also require periodic confirmations that there are no proceedings pending or threatened, which would reasonably be expected to have a Material Adverse Effect which, as noted above, has also been waived.

In considering the going concern position of the Company and the Group, the Group developed a liquidity model out to February 2024 which was used to generate a Base Case and a 'Severe but Plausible' Downside Case. The key assumptions underpinning these scenarios are set out in note 1.1.

The Downside Case described in note 1.1 results in additional liquidity pressure in H2 2023 and a potential breach of the £35m minimum liquidity covenant but management believe this would be managed through remediation actions including pricing and cost optimisation and the monetisation of the remaining freehold assets which the Group owns in Poland.

The Directors expect that the Group's lenders will continue to support the business for the following reasons. Firstly, the Group successfully signed the recapitalisation agreement with consent from 100% of lenders. Furthermore, the Group has demonstrated its ability to raise incremental debt financing in September 2022 and, to this end, additional capacity to raise incremental financing is retained under the Group's debt agreements.

Taking the above into consideration, the Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements. Nevertheless, in a severe but plausible downside scenario whereby further lockdown measures are introduced which are not sufficiently mitigated by government support or adverse macroeconomic headwinds are not able to be mitigated by remedial actions, the possibility of a covenant breach cannot be discounted and the Group would be dependent on obtaining further covenant waivers. In this scenario this would represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Corporate Governance

In July 2018, the Financial Reporting Council published its new UK Corporate Governance Code (the 'Code'). The governance of the Group operates in accordance with the governance structures established by the Group's ultimate parent company, Vue International Holdco Limited, and is managed on a consolidated basis. The review of Corporate Governance of the Group, which includes the Company, is discussed in the Annual Report of Vue International Bidco plc.

Employees Involvement

Our people

People are at the core of delivering the best cinema experience across all territories in which the Group operates. Therefore, creating and retaining high performing teams and individuals is a key focus.

The COVID-19 pandemic has had a very significant impact on society, business and personal lives.

VUE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 25 NOVEMBER 2021

During the year to 25th November 2021 the Vue International Group continued to work hard to protect people's jobs while cinemas and head offices were closed. Difficult decisions were made to furlough staff and the Company maintained contact with all of the Company's employees throughout the year to ensure they were ready to re-join when cinemas re-opened again and they were kept up to date with the re-opening plans. Following the start of the pandemic in 2020, the Company set up an instant text messaging service that allowed the Company to communicate to all employees in real time to keep them informed of the Company's business decisions before they were made public. The messaging service allows the Company to see how many employees have been reached and review response rates.

Senior Directors/leadership continued to deliver regular zoom briefings to the Company's head office functions, these messages were then cascaded to cinema teams.

All employees receive an electronic internal Company communication – to keep them informed of what's going on, promote employee benefits and wellbeing support. The Company also launched 'Vue Heroes' during the pandemic to recognise and acknowledge employees who were going above and beyond at home or in their local communities.

To ensure the safety of the Company's employees and customers, a comprehensive training and reorientation plan was implemented to ensure furloughed staff return to work.

During 2021, the business developed plans to re-introduce, mostly head office, employees that had been working from home back to the office. The plans were developed after careful consultations with employees and management and resulted in a well received hybrid working solution that is monitored closely and refined where necessary and flexed to respond to government advice. This demonstrated a commitment to responding to employee needs and ensuring business continuity in response to a changing landscape post pandemic.

Aligned organisational structures

In order to maximise international synergies and local opportunities in each of our markets, the Group develops global strategies which are tailored and rolled out to each of our operating businesses such that we capitalise quickly on local prospects. To deliver this strategy and to ensure that organisational structures continue to meet business requirements, our structures are reviewed on an ongoing basis and continuously evolve.

Developing and retaining talented employees is a fundamental part of the Group strategy. With similar organisational structures in place across all territories, we can improve the way we offer employee career paths across the Group and also maximise commercial opportunities by identifying, sharing and implementing best practice.

Employee recognition and reward

The Group's reward and recognition strategy is designed to ensure that employees are aligned to the Group's goals and are rewarded for the contribution that they make to the Group's success. Performance is driven by ensuring that incentive and recognition plans align all employees to the delivery of key business priorities and targets. Pay and benefit structures are competitive and are regularly benchmarked against relevant external data.

The incentive plans that are in place include both a Company and personal element. Employees are rewarded on the basis of both overall Company performance and individual business contribution. Where teams have direct responsibility for specific revenue lines and profitability, bonuses have been designed to share with the team a percentage of the incremental revenue and profit that they generate.

Within the Group's territories, there are local recognition schemes that reward great customer service within our busiest periods and we continue building on this.

Annual awards ceremonies are usually held where we bring together senior managers from each country and recognise high performance in all areas of the business (e.g. retail, people development, rising star etc). Where a week delivers high volume admissions and performance, the Company pays for "pizza parties", where cinema and head office employees informally get together over a pizza to celebrate the week's success.

VUE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 25 NOVEMBER 2021

Communication and engagement

The Group seeks to engage all employees in both its short and long-term goals. This is achieved through a number of two-way communication methods although the pandemic meant not all usual activities were able to take place in person during FY21.

Weekly cascade forums take place that enable the Group executive leadership team to communicate with each of the country general managers and they cascade relevant information within their businesses.

Senior management liaise regularly with employee forums on new initiatives and business updates.

Cinema management teams come together annually to hear key messages from senior leadership, discuss priorities for the year and network with colleagues.

Film Days are held each year to enable cinema operators to meet with representatives from the film studios and experience previews of future films to be released in the year ahead.

Finding and developing our top talent

The Group is committed to finding and appointing top talent as well as providing training and on going development aligned to business and employee needs.

Designing effective recruitment tools and clearly defining role accountabilities, skills and capabilities are a prime focus across all territories.

As part of our standardised cinema operational excellence model, we are committed to continue building on what currently exists across the Group. This includes the modular training frameworks that help create clear career paths, ensuring that teams fulfil their potential and continue to develop their skills and ability within their current position but also for potential future opportunities. As the organisation continues to change, develop and grow, focused internal training and development programmes are delivered in order to support employees with the acquisition of business skills and capabilities. There are also bespoke and targeted development programmes for employees in the internal talent pools that support cinema management succession plans. Examples of these development programmes include Leadership, Personal Impact and Commercial Acumen. The talent pipelines ensure that critical vacancies are filled quickly and cost effectively.

Employee involvement and implementation of best practice

The Group seeks to engage all employees in both its short and long-term goals. This is achieved through a number of two-way communication methods including senior management briefings, employee forums and work councils.

Best practice is proactively identified and implemented across the Group using various methods such as setting up regular workshops that bring together key specialist managers from each territory in areas such as, but not limited to, Retail, Pricing, Marketing, Screen Content and Finance.

Equality of opportunity and human rights

The Group is committed to its obligations under the Equality Act 2010 and the Modern Slavery Act 2015 and has policies in place to ensure an ethical and legal framework is provided to employees.

The Group is committed to making full use of the talents within the business and therefore provides equal opportunities for all. Employment decisions which include recruitment, promotion, compensation, benefits, performance management and training are based on an individual's skills, performance and behaviour and how these relate to the requirements of the business. The Group seeks to treat all its employees with dignity and respect.

Further details on the Group's gender breakdown can be found in the Annual Report for Vue International Bidco plc.

VUE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 25 NOVEMBER 2021

The procurement teams manage many suppliers across food and beverage and take responsibility to manage the supply base and source ethically.

The Group procurement policy provides guidance that any potential supplier must provide confirmation that no instance of modern slavery or human trafficking has occurred (or is occurring) within their business and they must also demonstrate that they have in place suitable procedures and safeguards to prevent such issues occurring.

The Group's whistle-blowing policy details how any member of staff with concerns about a potential issue (including potential occurrences of modern slavery or human trafficking) should bring the matter to the attention of senior management. This includes an option to raise the matter through a confidential whistle-blowing hotline and email contact address.

Further details around the Group's commitments to human rights can be found on the Company website.

Disabled Employees

It is the policy of the Group that disabled people, whether registered or not, should receive full and fair consideration when applying for job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Group is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

Energy and Carbon Reporting

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019 and was relevant for the Group for the first time in the year ending 26 November 2020. The Group's review of SECR within the UK, which includes the Company, is discussed in the Annual Report of Vue International Bidco plc.

Directors

The Directors who served during the period were:

Alison Cornwell
Stephen Knibbs
J. Timothy Richards
Toby Bradon (appointed 7 May 2021)
Ann O'Sullivan (appointed 7 May 2021, resigned 6 July 2022)

The Directors have no interests in the shares of the Company.

Directors' Liability Insurance

During the period to 25 November 2021, and at the date of approval of the financial statements, the Company maintained liability insurance for its Directors and officers.

VUE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 25 NOVEMBER 2021

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This Report was approved by the Board and signed on its behalf.



Toby Bradon
Director

Date: 28 October 2022

Independent auditors' report to the members of Vue Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Vue Services Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 25 November 2021 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 25 November 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.1 to the financial statements concerning the Company's ability to continue as a going concern. The Company is reliant on the overall financing support of the wider Vue International Group ("the Group") and the Company has received a letter of support confirming that the Group will provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. The ability of the Group to support the Company is dependent upon the Group's liquidity and its trading results for the forecast period. As noted by the Directors, in a severe but plausible downside scenario whereby further lockdown measures are introduced which are not sufficiently mitigated by government support or adverse macroeconomic headwinds are not able to be mitigated by remedial actions, the minimum liquidity covenant would be breached and obtaining further covenant waivers would be required from the lenders. These conditions, along with the other matters explained in note 1.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Independent auditors' report to the members of Vue Services Limited (continued)

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 25 November 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent auditors' report to the members of Vue Services Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to failure to adhere to data protection requirements in which the Company operates and holds data, compliance with anti-bribery and corruption legislation and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting for estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and internal legal counsel, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings of those charged with governance;
- Agreeing financial statement disclosures to underlying supporting documentation to assess compliance with applicable laws and regulations;
- Testing of assumptions and judgements made by management in making significant accounting estimates and judgements; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement.

Independent auditors' report to the members of Vue Services Limited (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

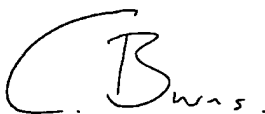
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 October 2022

VUE SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

		Period ended 25 November 2021 £000	Period ended 26 November 2020 £000
	Note		
Revenue	3	9,321	8,944
Gross profit		9,321	8,944
Administrative expenses		(18,164)	(16,031)
Operating loss	4	(8,843)	(7,087)
Other income	3	409	465
Interest receivable and similar income	6	29	60
Interest payable and similar expenses	7	(80)	(127)
Loss before tax		(8,485)	(6,689)
Tax on loss	8	760	1,326
Loss for the financial period		(7,725)	(5,363)
Total comprehensive expense for the period		(7,725)	(5,363)

The notes on pages 17 to 37 form part of these financial statements.

VUE SERVICES LIMITED
REGISTERED NUMBER: 03812286

BALANCE SHEET
AS AT 25 NOVEMBER 2021

	Note	25 November 2021 £000	Restated* 26 November 2020 £000
Fixed assets			
Intangible assets	9	1,930	773
Property, plant and equipment	10	709	860
Right-of-use asset	11	665	1,216
Investments	12	1	1
Lease receivable	13	-	373
Deferred Taxation	17	2,582	1,822
		<u>5,887</u>	<u>5,045</u>
Current assets			
Trade and other receivables	13	27,274	32,204
Cash and cash equivalents		402	-
		<u>27,676</u>	<u>32,204</u>
Trade and other payables due within one year	14	(44,962)	(40,037)
Lease liabilities due within one year	15	(882)	(895)
Net current liabilities		<u>(18,168)</u>	<u>(8,728)</u>
Total assets less current liabilities		<u>(12,281)</u>	<u>(3,683)</u>
Lease liabilities due after more than one year	16	(224)	(1,097)
		<u>(12,505)</u>	<u>(4,780)</u>
Net liabilities		<u><u>(12,505)</u></u>	<u><u>(4,780)</u></u>
Capital and reserves			
Share premium account		3,420	3,420
Profit and loss account		(15,925)	(8,200)
		<u><u>(12,505)</u></u>	<u><u>(4,780)</u></u>

VUE SERVICES LIMITED
REGISTERED NUMBER: 03812286

BALANCE SHEET (CONTINUED)
AS AT 25 NOVEMBER 2021

* Refer to note 1.15 for the impact of the restatement on the financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Toby Bradon', written in a cursive style.

Toby Bradon
Director
Date: 28 October 2022

The notes on pages 17 to 37 form part of these financial statements.

VUE SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

	Share premium account £000	Profit and loss account £000	Total equity £000
At 30 November 2019	3,420	(2,837)	583
Comprehensive expense for the period			
Loss for the financial period	-	(5,363)	(5,363)
Total comprehensive expense for the period	-	(5,363)	(5,363)
At 27 November 2020	3,420	(8,200)	(4,780)
Comprehensive expense for the period			
Loss for the financial period	-	(7,725)	(7,725)
Total comprehensive expense for the period	-	(7,725)	(7,725)
At 25 November 2021	3,420	(15,925)	(12,505)

The notes on pages 17 to 37 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

1. Accounting policies

1.1 Basis of preparation of financial statements

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom. The address of the registered office is 10 Chiswick Park, 566 Chiswick High Road, London, W4 5XS. The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

A summary of the principal accounting policies, which have been applied consistently throughout the period are set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the period.

Going concern

The Company is reliant on the overall financing support of the wider Vue International Group ("the Group"). The Company has received a letter of support from its parent, Vue International Entertainment Limited, confirming that the Group will provide financial support such that the Company is able to operate as a going concern and to settle its liabilities as they fall due for a period of no less than 12 months from the date of approval of these financial statements. The letter of support is, however, dependent upon the Group's liquidity and its forecasts and projections being achieved.

As at 30 November 2021 the Group had significant liquidity of £172.0m comprising unrestricted cash of £144.7m and undrawn overdraft and revolving credit facilities of £27.3m. The unrestricted cash comprised total cash of £149.4m less £4.7m cash in escrow in support of landlord guarantees in Germany and the Netherlands. The undrawn overdraft and revolving credit facilities of £27.3m were in respect of the Group's £65m revolving credit facility ("RCF") which comprises an overdraft facility of £20m, a £30m revolver and £15m which is undrawn but ring-fenced in support of landlord guarantees. At 30 November 2021 the overdraft facility was undrawn and £7.3m of the £30m revolver was undrawn.

On 14 July 2022 Vue International Bidco plc ("Bidco") signed an agreement with the majority of its lenders and its shareholders for a proposed recapitalisation. By the end of August 2022, Bidco has secured a 100% support from its senior lenders and shareholders. This agreement included the following:

- €87.4m of super senior new money to support the recapitalisation of the Company. The full amount was received in cash in September 2022.
- A debt-for-equity swap with approximately £465m of existing debt removed from the balance sheet; this is expected to be completed by the end of the calendar year 2022; and
- Existing First-Lien lenders to take 100% equity ownership (prior to any dilution for management)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

1. Accounting policies (continued)

The new funding and recapitalisation set out above gives the Group access to additional liquidity, delivers a substantial deleveraging of its balance sheet and provides it with a robust capital structure to operate in the post-pandemic market. No landlords, suppliers or employees have or will be adversely impacted by this successful process. Furthermore, the formal request for arbitration that was filed by Greater Union International B.V. on 24 May 2022 in relation to the CineStar transaction (described further in Note 34, "Post Balance Sheet Events" in the Vue International Bidco plc financial statements for the year ended 30 November 2021) could have precluded the Group from making its periodic "no proceedings pending or threatened" confirmations. However, the Group's senior lenders have provided a covenant waiver under the recapitalisation agreement dated 14 July 2022 in respect of this matter and subject to the recapitalisation proceeding in all material respects as envisaged in the recapitalisation agreement the request for arbitration no longer represents a risk for the Group.

Under the new financing agreements, the Group has a minimum liquidity covenant of £35m which is tested at the end of each month. The Group's financing arrangements also require periodic confirmations that there are no proceedings pending or threatened, which would reasonably be expected to have a Material Adverse Effect which, as noted above, has also been waived.

In the first quarter of the 2022 financial year the emergence and rapid spread of the Omicron variant resulted in mandated closures in Denmark and the Netherlands and resulted in significant operating restrictions in all other countries, notably the prohibition of food and beverage sales in Poland and Italy, vaccine passports in Germany and Italy, and country-specific capacity restrictions and the wearing of facemasks. By the end of May 2022 all COVID-19 restrictions had been lifted with the exception of Italy where FFP2 facemasks continued to be required until 15 June 2022.

In assessing the going concern position of the Group for the year ended 30 November 2021, the Directors have considered the performance of the Group's business operations in each territory together with the upcoming film slate and external factors such as increased energy costs, inflation and cost of living pressures and the impact of remaining COVID-19 restrictions.

The Group has taken the starting liquidity position in the third financial quarter of the year and has developed a Base Case liquidity model by territory which runs to 28 February 2024. The key assumptions supporting this forecast include the following:

- Admissions and trading levels have been forecast by territory based on the current view of the performance of the film slate for the remainder of the current financial year. In the financial year ending 30 November 2023, admissions are based on normalised markets (i.e. an average slate year pre pandemic) reduced by a territory-specific factor (average c.8%) to reflect a post pandemic contingency.
- Following a successful series of negotiations with landlords throughout the pandemic which delivered discounts, landlord contributions to capex and rent deferrals, the Group is now paying the agreed rent deferrals and these payments have been included in the projections. The balance due at the end of the third financial quarter of 2022 was approximately £35.5m with £12.5m expected to be paid in 2022, £17.6m in 2023 and the residual balance in 2024.
- In addition, the projections reflect ongoing actions to reduce non-essential operating costs and to restrict expenditure on capital projects to essential maintenance, landlord-funded recliner seat conversions, energy saving projects and key IT system enhancements.
- The projections also assume that one of the Polish freehold properties is sold for net proceeds of £20m by the end of February 2023. This site is located in a zone with high density residential planning which makes it the most valuable of our 4 freehold sites. Following a due diligence process one of the bidders was selected on 23 September 2022. The Preliminary Sale Agreement was signed in October 2022.
- The projections do not assume any impact from any potential litigation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

1. Accounting policies (continued)

Given the uncertainty caused by the pandemic and the resulting forecasting challenges, similar to last year, the Group has developed a 'Severe but Plausible' Downside Case to stress test the Group's financial projections. These projections include the impact of:

- an outbreak of a new, relatively mild COVID strain during Winter 2022/2023, similar to the Omicron outbreak during Winter 2021/22. Given the recent positions taken by European Governments in terms of 'living with COVID', it is assumed the response to such an outbreak will be similar to that adopted by the UK Government this past Winter, being limited social restrictions, a new vaccination round and 'personal responsibility' messaging. As such, it is assumed that there is a 15% reduction in admission volumes in Q1 2023 whilst the social impact of a new strain is felt. The 15% assumption is in line with the impact on UK admissions in December 2021 following the Omicron outbreak and is prudently assumed to continue through Q1 even though the impact on UK consumer confidence was not this prolonged during last Winter;
- an additional reduction of 5% throughout 2023 has been included to reflect a more conservative trading position given certain other economic factors which may impact demand in the cinema market; and
- that the sale of the Polish freehold does not conclude.

The Downside Case results in additional liquidity pressure in H2 2023 falling below £35m which would result in a breach of the minimum liquidity covenant, but management believe this would be managed through remediation actions including pricing and cost optimisation and the monetisation of the remaining freehold assets which the Group owns in Poland.

The Directors expect that the Group's lenders will continue to support the business for the following reasons. Firstly the Group successfully signed the recapitalisation agreement with consent from 100% of lenders. Furthermore, the Group has demonstrated its ability to raise incremental debt financing in September 2022 and, to this end, additional capacity to raise incremental financing is currently retained under the Group's debt agreements.

Taking the above into consideration, the Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements. Nevertheless, in a severe but plausible downside scenario whereby further lockdown measures are introduced which are not sufficiently mitigated by government support or adverse macroeconomic headwinds are not able to be mitigated by remedial actions, the possibility of a covenant breach cannot be discounted and the Group would be dependent on obtaining further covenant waivers. Because the Company is dependent on the ongoing financial support of the Group, in this scenario this would represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

1.2 Accounting reference date

The Company prepares financial statements for either 52 or 53 week periods ending on a Thursday within one week of 30 November. The results for the current period refer to the 52 weeks ended 25 November 2021.

The comparative results for the prior period refer to the 52 week period ended 26 November 2020.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

1. Accounting policies (continued)

1.3 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

- paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

1.4 Intangible assets, property, plant and equipment

Intangible assets:

Intangible software relates to development costs that are directly attributable to the design and testing of identifiable and unique software products. These are recognised as intangible assets when it is technically feasible to complete the software product and that the future economic benefits to the Company can be demonstrated. Intangible software is amortised over a 3 - 7 year period once ready for its intended use.

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following basis:

Short-term leasehold property	- 20 to 35 years (or length of the lease, if shorter)
Fixtures and fittings	- 15 years (or length of the lease if shorter)
Software	- 3 to 7 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

1. Accounting policies (continued)

1.5 Leases

The Company's lease portfolio relates to property leases and other assets such as motor vehicles.

Under IFRS 16, at inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date the identified asset is available to the Company a right-of-use asset and a lease liability is recognised.

The Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Company incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, less any lease incentives receivable; and
- Variable lease payments that depend on an index or a rate.

Future increases in variable lease payments, based on an index or rate, are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The incremental borrowing rate is defined as the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Movement in the lease liability results from:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Re-measuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is re-measured when there are changes to lease payments or lease length and the corresponding adjustment is made to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement through the Income Statement.

The cost of the right-of-use asset is calculated as:

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised immediately before the date of initial application; and
- Any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are depreciated over the lease term on a straight-line basis and reported through the Income Statement within Administrative expenses.

Right-of-use assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss which is recognised in the Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

1. Accounting policies (continued)

An impairment is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Where leases have been modified, resulting in a reduction in the carrying value of the right-of-use asset, the impairment loss reversal will not exceed the modified carrying amount.

Interest on the lease liability in each period during the lease term is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Low value and short term exempt leases

Payments associated with short-term leases and leases of low-value assets are exempt from IFRS16 and as such continue to be recognised on a straight-line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less or leases on adoption date which have a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office and cinema equipment.

Lease incentives

Lease incentives predominantly relate to rent free periods or cash contributions from landlords for agreed investment in property, plant or equipment.

Where the Company receives contributions and incentives from landlords at the start of the lease, these are recorded against the right-of-use asset. Where conditions are met after the start of the lease, these are reflected in the future lease payments resulting in a re-measurement of lease liability and adjustment to right-of-use asset.

Lease incentives are only recognised once all conditions of the incentive are met.

Variable lease payments

Some property leases contain variable payment terms that are linked to performance measures generated from a particular cinema site. Variable payment terms are common in the cinema and retail industries. Variable lease payments are recognised in administrative expenses within the Income Statement in the period in which the condition that triggers those payments occurs.

1.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

1. Accounting policies (continued)

1.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 Pensions

Pension contributions, which are made to a defined contribution pension plan held within the Group, are charged to the Statement of Comprehensive Income as incurred. These contributions are invested separately from the Company's assets.

1.10 Finance cost

Finance costs are charged to Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.11 Current taxation

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the balance sheet date, together with any adjustment in respect of tax payable for previous periods.

1.12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.13 Revenue Recognition

Revenue is recognised in the period in which it relates and comprises management service fees to companies within the Group.

1.14 Government grants

Government assistance is recognised in the income statement on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Where Government assistance has been received in relation to specific costs the Government assistance is recognised as other income.

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

1. Accounting policies (continued)

1.15 Prior year restatement

The financial statements have been restated to reflect the impact of a 2020 disclosure error for accrued property costs included within lease liabilities. The 2020 lease liabilities have been restated from £2,525k to £1,992k. Accruals and deferred income have been restated from £8,556k to £9,089k.

Balance Sheet	£'000
Decrease in lease liabilities (note 11)	533
Increase in accruals and deferred income (note 14)	(533)
Total	-

There is no impact to the Statement of Comprehensive Income.

2. Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Apart from the judgement on going concern discussed in note 1.1 the following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Recognition of deferred tax assets (judgement)

The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether it is probable that there will be sufficient taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. Management therefore exercises judgement in assessing the future financial performance of the particular entity or tax group in which the deferred tax asset is to be recognised. In assessing the recoverability of deferred tax assets, the Company has considered future projections of profitability consistent with those underpinning other areas of financial reporting, such as impairment testing.

3. Revenue

Revenue, which is generated within the UK, comprises the value of development activities and management services provided to other group companies exclusive of value added tax.

The Company charges management fees in respect to services provided to trading entities within United Kingdom and Ireland, and other Group territories. The management fee charged amounted to £9,321k (2020: £8,944k).

Other income includes government support of £409k (2020: £465k) relating to the Coronavirus Job Retention Scheme.

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

4. Operating loss

The operating loss is stated after charging/(crediting):

	Period ended 25 November 2021 £000	Period ended 26 November 2020 £000
Depreciation of tangible assets	265	306
Depreciation of right-of-use assets	551	670
Amortisations of intangible assets	585	341
Operating lease rentals:		
-plant and machinery	79	103
-other operating leases	-	(65)
Audit fee	10	8

During the year, PricewaterhouseCoopers LLP performed other non-audit services of £211k (2020: £35k).

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

5. Employees

Staff costs were as follows:

	Period ended 25 November 2021 £000	Period ended 26 November 2020 £000
Wages and salaries	6,007	5,856
Social security costs	935	986
Defined pension contribution scheme	186	191
	7,128	7,033

The average monthly number of employees, including the Directors, during the period was as follows:

	Period ended 25 November 2021 No.	Period ended 26 November 2020 No.
Administration	98	110

Employees

Remuneration of 57 employees (2020: 53) were incurred by Vue Services Limited but recharged to Vue International Bidco Plc given the employee's services were incurred in Vue International Bidco Plc. This was formed of £10,024k wages and salaries (2020: £10,846k), £1,352k social security costs (2020: £1,438k) and £348k other pensions costs (2020: £183k).

Directors' emoluments

For the period to 25 November 2021, emoluments were incurred by Vue International Bidco plc in relation to three directors and incurred by Vue Services Limited in relation to two directors. Vue International Bidco plc is a fellow Group company. The Directors of the Company are remunerated in respect of their executive management services to the Group as a whole. There are no recharges made to the Company from Vue International Bidco plc in respect of these services as their duties in respect of the Company are incidental to the Directors' duties as a whole.

The Directors' emoluments are included within the aggregate emoluments disclosed in the consolidated financial statements of Vue International Bidco plc, for three Directors, and within Vue Services Ltd for the remaining two.

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

6. Interest receivable and similar income

	Period ended 25 November 2021 £000	Period ended 26 November 2020 £000
Other interest receivable	29	60
	<u>29</u>	<u>60</u>

7. Interest payable and similar expenses

	Period ended 25 November 2021 £000	Period ended 26 November 2020 £000
Interest on lease liabilities	80	127
	<u>80</u>	<u>127</u>

8. Taxation on loss

	Period ended 25 November 2021 £000	Period ended 26 November 2020 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(46)	(1,266)
Adjustment attributable to changes in tax rates and laws	(590)	-
Over provision for prior years	(124)	(60)
Total deferred tax (note 17)	<u>(760)</u>	<u>(1,326)</u>
Taxation on loss	<u>(760)</u>	<u>(1,326)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

8. Taxation on loss (continued)

Factors affecting tax credit for the period

The effective rate of current tax for the period, based on the UK standard rate of corporation tax, is 19.0% (2020 - 19.0%).

	Period ended 25 November 2021 £000	Period ended 26 November 2020 £000
Loss before tax	(8,485)	(6,689)
Loss multiplied by standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%)	(1,612)	(1,271)
Effects of:		
Expenses not deductible for tax purposes	3	5
Adjustments attributable to changes in tax rates and laws	(590)	-
Group taxation relief	1,563	-
Tax over provided in previous years	(124)	(60)
Total tax credit for the period	(760)	(1,326)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25% it's effects are included in these financial statements. The 2020 rate change relates to the Spring Budget 2020 announcement that the UK tax rate would remain at 19% rather than reducing to 17%.

VUE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

9. Intangible assets

	Computer software £000
Cost	
At 27 November 2020	1,138
Additions - external	1,742
At 25 November 2021	2,880
Amortisation	
At 27 November 2020	365
Charge for the period	585
At 25 November 2021	950
Net book value	
At 25 November 2021	1,930
At 26 November 2020	773

VUE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

10. Property, plant and equipment

	Short-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 27 November 2020	1,220	5,650	6,870
Additions	18	96	114
At 25 November 2021	1,238	5,746	6,984
Depreciation			
At 27 November 2020	818	5,192	6,010
Charge for the period	110	155	265
At 25 November 2021	928	5,347	6,275
Net book value			
At 25 November 2021	310	399	709
At 26 November 2020	402	458	860

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

11. Leases

	Land and Buildings £000	Other £000	Total £000
Right-of-use assets			
At 29 November 2019	-	-	-
Adjustment due to adoption of IFRS 16	2,398	267	2,665
Lease modifications	(779)	-	(779)
Depreciation	(550)	(120)	(670)
As at 26 November 2020	1,069	147	1,216
Lease Liabilities			
At 29 November 2019	-	-	-
Adjustment due to adoption of IFRS 16	2,584	267	2,851
Interest expense	116	11	127
Repayment of lease liabilities (1)	(865)	(121)	(986)
As at 26 November 2020	1,835	157	1,992
Lease liabilities			
Current	798	97	895
Non-current	1,038	59	1,097
Total	1,836	156	1,992
Right-of-use asset			
At 27 November 2020	1,069	147	1,216
Depreciation	(459)	(92)	(551)
As at 25 November 2021	610	55	665
Lease liabilities			
At 27 November 2020	1,836	156	1,992
Interest expense	75	5	80
Repayment of lease liabilities	(864)	(102)	(966)
As at 25 November 2021	1,047	59	1,106
Lease liabilities			
Current	834	48	882
Non-current	213	11	224
Total	1,047	59	1,106

(1) refer to note 1.15 for impact and details of the prior year restatement

The Income Statement shows the following amounts relating to leases:

	25 November 2021 £000	26 November 2020 £000
Depreciation charge of right-of-use assets	551	670
Sublease gain	72	(72)
Charge to operating loss	551	598
Interest expense	80	127
Interest income	(27)	(25)
Charge to loss before taxation	604	700

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 NOVEMBER 2021**

11. Leases (continued)

The Company has also classified certain sub-leases as finance leases, because the sub-lease is for the whole or substantially all of the remaining term of the head lease.
The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease receipts to be received after the reporting date.

	25 November 2021 £000	26 November 2020 £000
Less than one year	384	308
One to five years	-	384
More than five years	-	-
	<hr/>	<hr/>
Total undisclosed lease receipts	384	692
Unearned finance income	11	38
	<hr/>	<hr/>
Net Investment in the lease	373	654
Lease receivables included in the balance sheet:		
Current	373	281
Non-current	-	373
	<hr/>	<hr/>
	373	654

Amounts recognised in the Statement of Comprehensive Income for lease contracts where the Company acts as lessor:

	25 November 2021 £000	26 November 2020 £000
Operating lease income	-	-
Finance lease - finance income on the net investment in the lease	27	25

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

12. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 27 November 2020	1
At 25 November 2021	<u>1</u>
Net book value	
At 25 November 2021	<u>1</u>
At 26 November 2020	<u>1</u>

13. Trade and other receivables

	25 November 2021 £000	26 November 2020 £000
Due after more than one year		
Lease receivable	-	373
Deferred tax asset (note 17)	2,582	1,822
	<u>2,582</u>	<u>2,195</u>
Due within one year		
Lease receivable	373	281
Amounts owed by group undertakings	26,739	31,453
Prepayments and accrued income	162	469
Other debtors	-	1
	<u>27,274</u>	<u>32,204</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

14. Trade and other payables due within one year

	25 November 2021 £000	26 November 2020 Restated £000
Amounts owed to group undertakings	35,648	30,948
Accruals and deferred income (1)	9,314	9,089
	<u>44,962</u>	<u>40,037</u>

(1) refer to note 1.15 for impact and details of the prior year restatement.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

15. Lease liabilities due within one year

	25 November 2021 £000	26 November 2020 Restated £000
Lease liabilities	882	895
	<u>882</u>	<u>895</u>

16. Lease liabilities due after more than one year

	25 November 2021 £000	26 November 2020 £000
Lease liabilities	224	1,097
	<u>224</u>	<u>1,097</u>

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

17. Deferred taxation

	2021 £000	2020 £000
At beginning of year	1,822	496
Charged to Income Statement	760	1,326
At end of year	2,582	1,822

The deferred tax asset is made up as follows:

	25 November 2021 £000	26 November 2020 £000
Depreciation in excess of timing differences	704	397
Tax losses carried forward	1,878	1,425
	2,582	1,822

18. Loan capital and borrowings

The Company is an obligor in relation to both the secured notes and the revolving credit and overdraft facility. As such it has given a cross guarantee and share and asset security in support of the financing.

On 3 July 2019, the Group issued the following debt:

- €634m EUR Senior Secured Term Loan B, maturing in 2026, with a variable margin of EURIBOR + 475 bps. A zero percent floor applies to EURIBOR.
- £165m 2nd Lien PIK Notes provided by OMERS, maturing in 2027, with a variable margin of LIBOR + 1,000 bps. A one percent floor applies to LIBOR.

On 3 November 2020, the Group issued the following debt:

- £150m Senior Secured Term Loan B (SSTL), maturing in 2024, with a variable margin of LIBOR + 900 bps. A quarter of a percent floor applies to LIBOR.

The Group is able to draw on a £65m multicurrency revolving credit and overdraft facility with Lloyds Bank plc (£35m), Morgan Stanley (£15m), and J.P. Morgan (£15m). The facility matures 3 July 2025. At 30 November 2021 there was a £22.7m capital drawing on the facility (2020: £30m). The facility bears interest at LIBOR, EURIBOR, CIBOR (Denmark) or WIBOR (Poland) depending on the currency drawn down plus a margin of 3.75% (subject to ratchet).

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

19. Called up share capital

	25 November 2021	26 November 2020
Authorised, allotted, called up and fully paid		
100 (2020: 100) Ordinary shares of £1.00 each	100	100

20. Pension commitments

The Group operates a defined pension contribution scheme in the form of a Group Personal Pension Plan ('the Plan') for its employees. The assets of the Plan are held separately from those of the Company in an independently administered fund. Contributions payable by the Company in respect of the period ended 25 November 2021 to the fund amounted to £186k (2020: £191k). The outstanding contributions at 25 November 2021 are settled by a fellow group undertaking and are offset against the trading amounts due from Group companies disclosed in note 13.

21. Post balance sheet events

On the 14th July 2022 the parent undertaking Vue International Bidco plc signed an agreement with the majority of its lenders and its shareholders for a proposed recapitalisation which envisages:

- A debt-for-equity swap with approximately £465m of existing debt removed from the balance sheet.
- £75m euro-equivalent of super senior new money, which was received in September 2022 to support the recapitalisation of the Company, amendment and restatement of existing 1st lien debt.
- Existing First-Lien lenders to take 100% equity ownership (prior to any dilution for management).
- Extinguishment of the 2nd Lien debt facility.

The agreement would give the Group access to additional liquidity, deliver a substantial deleveraging of its balance sheet and provide it with a robust capital structure to thrive in the post-pandemic market.

The process is expected to complete in late 2022. No landlords, suppliers or employees will be impacted by the transaction.

VUE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 NOVEMBER 2021

22. Ultimate parent company and controlling party

At 25 November 2021, the immediate parent undertaking of the Company is Vue Entertainment Holdings (UK) Limited.

The parent undertaking of the smallest group of undertakings for which group consolidated financial statements are drawn up and publicly available, of which the Company is a member, is Vue International Bidco plc, a company registered in the United Kingdom.

The consolidated financial statements of Vue International Bidco plc may be obtained from 10 Chiswick Park, 566 Chiswick High Road, London, W4 5XS.

At 25 November 2021, Vue International Holdco Limited, a company incorporated in Jersey, is the parent undertaking of the largest Group in which the results of the Company are consolidated. The consolidated financial statements of Vue International Holdco Limited are publicly available and may be obtained from Vue International Holdco Limited, 44 Esplanade, St Helier, Jersey, JE4 9WG.

At 25 November 2021, the ultimate controlling party is Vue International Holdco Limited, an investment vehicle for OMERS Administration Corporation and certain clients of Alberta Investment Management Corporation.